

SO ORDERED

Date signed September 23, 2004



Paul Mannes

PAUL MANNES
U. S. BANKRUPTCY JUDGE

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF MARYLAND
(Greenbelt Division)

In re:

*

NATIONAL ENERGY & GAS
TRANSMISSION, INC. (f/k/a PG&E
NATIONAL ENERGY GROUP, INC.), *et*
al.,

* Case No.: 03-30459 (PM) and 03-30461(PM)
through 03-30464 (PM) and 03-30686 (PM)
* through 03-30687 (PM)
Chapter 11

Debtors.

* (Jointly Administered under
Case No.: 03-30459 (PM))

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In re:

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USGEN NEW ENGLAND, INC.,

* Case No.: 03-30465 (PM)

* Chapter 11

Debtor.

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**ORDER AUTHORIZING AND APPROVING: (A) SETTLEMENT AGREEMENT BY
AND AMONG NATIONAL ENERGY & GAS TRANSMISSION, INC., CERTAIN
WHOLLY OWNED OR CONTROLLED AFFILIATES, THE OFFICIAL COMMITTEE
OF UNSECURED CREDITORS OF NATIONAL ENERGY & GAS TRANSMISSION,
INC., PG&E CORPORATION, PETER A. DARBEE AND BRUCE R. WORTHINGTON;
(B) A RELATED TAX MATTERS AGREEMENT BY AND BETWEEN NATIONAL
ENERGY & GAS TRANSMISSION, INC. AND PG&E CORPORATION; (C) THE
DISMISSAL, WITH PREJUDICE, OF CIVIL ACTION NO. PJM 03-2920; (D) CERTAIN
RELEASE AGREEMENTS TO BE EXECUTED BY USGEN NEW ENGLAND, INC.
AND BY THE ET DEBTORS; (E) A WAIVER AGREEMENT BY AND AMONG
NATIONAL ENERGY & GAS TRANSMISSION, INC. AND CERTAIN OF ITS NON-
DEBTOR SUBSIDIARIES AND CERTAIN TRANSCANADA ENTITIES; AND (F) ALL
RELATED RELIEF, INCLUDING, BUT NOT LIMITED TO THE
EXHIBITS TO THE SETTLEMENT AGREEMENT**

Upon the motion dated August 30, 2004 (the “Motion”) of National Energy & Gas Transmission, Inc. (“NEGT”), USGen New England, Inc. (“USGenNE”), NEGTEnergy Trading Holdings Corporation f/k/a PG&E Energy Trading Holdings Corporation (“ET Holdings”), NEGTEnergy Trading - Gas Corporation f/k/a PG&E Energy Trading - Gas Corporation (“ET Gas”), NEGTEt Investments Corporation f/k/a PG&E ET Investments Corporation (“ET Investments”) and NEGTEnergy Trading - Power, L.P. f/k/a PG&E Energy Trading - Power, L.P. (“ET Power,” together with ET Holdings, ET Gas and ET Investments, the “ET Debtors”) (the “ET Debtors,” collectively, with NEGTEnergy Trading and USGenNE, the “Debtors”), the debtors and debtors in possession the above-captioned chapter 11 cases, for an order authorizing and approving the settlement agreement among NEGTEnergy Trading, certain wholly owned or controlled affiliates (the “Affiliates”) and the Official Committee of Unsecured Creditors of NEGTEnergy Trading, on the one hand, and PG&E Corporation (“PCG”), Peter A. Darbee and Bruce R. Worthington (collectively, the “Defendants”), on the other hand, and related exhibits, including the tax matters agreement, as amended by that certain letter dated September 22, 2004 between the parties, between NEGTEnergy Trading and PCG (the “Tax Agreement”) and the release and consents between USGenNE and PCG, and the ET Debtors and PCG, and the Waiver Agreement with the TransCanada entities, pursuant to sections 105 and 363 of the Bankruptcy Code and Bankruptcy Rule 9019(a); and it appearing that due and sufficient notice of the Motion was provided and that no further notice is necessary; and the Court having found that the terms of the settlement embodied in the Settlement Agreement, including the Tax Agreement, the release and consent between PCG and USGenNE and the release and consent between PCG and the ET Debtors, are fair and reasonable; and it appearing that the relief requested in the Motion is in the best interests of each of the Debtors, their estates and their creditors; and after due deliberation and sufficient cause therefor, it is by the United States Bankruptcy Court for the District of Maryland

ORDERED, that the Motion is granted; and it is further

ORDERED, that capitalized terms used but not defined herein have the meanings ascribed to them in the Motion; and it is further

ORDERED, that the Settlement Agreement, including the Tax Agreement and all other exhibits, are approved; and it is further

ORDERED, that NEGT and the Creditors' Committee are authorized to enter into, consummate and effectuate the Settlement Agreement, and take such further actions, and execute such documents, as may be necessary, useful or appropriate to implement the Settlement Agreement; and it is further

ORDERED, that NEGT is authorized to enter into the Waiver Agreement, each of the terms and conditions of the Waiver Agreement is hereby approved, and the TransCanada entities shall be entitled to all of the rights and claims provided for in the Waiver Agreement; and it is further

ORDERED, that NEGT and each of the ET Debtors that are party to the agreement annexed to the Settlement Agreement as Exhibit I, are authorized to enter into and deliver to PCG such agreement; and it is further

ORDERED, that each of the ET Debtors are authorized to enter into and deliver to Defendants the releases and consent in the form annexed to the Settlement Agreement as Exhibit J; and it is further

ORDERED, that USGenNE is authorized to enter into and deliver to Defendants the releases and consent in the form annexed to the Settlement Agreement as Exhibit K; and it is further

ORDERED, that the Debtors are authorized to take such actions as may be reasonable to implement and effectuate the terms of this Order.

END OF ORDER

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